



Western Health
and Social Care Trust

Financial Performance Report

**for the seven months ended
31 October 2019**

Western Health and Social Care Trust

Financial Performance Report for the seven months ended 31 October 2019

| <u>Contents</u> | | <u>Page No.</u> |
|------------------------|--|------------------------|
| 1 | Financial Plan | 3 |
| 2 | Financial Position – Current Period | 4 |
| 3 | Savings Plans - Monitoring | 6 |
| 4 | Transformation & Elective Care | 6 |
| 5 | Capital Resource Limit | 7 |
| 6 | Prompt Payment Target | 7 |
| 7 | Key Messages | 7 |

1. Financial Plan 2019/20

The Trust is reporting a year-end deficit of £22.0m less the approved control total of £15m, which leaves a £7m gap in year. The table 1 – below shows the most recent forecast deficit for 2019-20.

This position is assuming that any further pressures are managed by the Trust in year. However, the most significant risks are the need for resilience during the winter period, and this could be up to £2m, and the achievement of savings plans / continued run-rate reductions.

Directorates are currently reviewing their savings options to try to identify any that could be brought forward to cover the costs of resilience.

Discussions are ongoing with the HSCB in relation to the forecast deficit for 2019/20.

Table 1 – Forecast Deficit 2019/20

| | £m |
|--|-------------|
| Opening Deficit 1 April 2019 | 39.0 |
| Less Income received July 2019 | (9.0) |
| Add new 2019/20 savings requirement | 11.3 |
| Revised Opening Deficit 2019/20 | 41.3 |
| Review of expenditure / grip and control | (3.9) |
| Less Pressures funding (share of £46m regionally) | (5.3) |
| Less Pressures funding (share of £10m regionally) | (1.9) |
| RRL Slippage | (0.5) |
| Savings Plan 2019 / 20 achieved (Table 5) | (2.8) |
| Confirmed Position at Month 7 | 26.9 |
| | |
| Savings Plan – Pharmacy Savings (outstanding at month 7) | (1.0) |
| Further Savings and General Run-rate (outstanding at month 7) (Grip and Control) | (3.9) |
| Forecast Deficit 2019/20 | 22.0 |
| Approved Control Total | (15.0) |
| Off Plan Position October 2019-20 | 7.0 |

2. Financial Position as at 31 October 2019

The Trust is reporting a deficit of £14.3m in the current period.

This shows that the Trust needs to achieve significant savings for the remainder of the financial year through a combination of tactical plans and pharmacy efficiency (MORE) savings.

Whilst this figure needs to increase in the coming months, it reflects the work done since February/March 2019.

Table 2 - Summary Financial Performance by Directorate

| Directorate | Budget | Expenditure | Variance | | September Variance | |
|-----------------------------------|----------------|----------------|---------------|-------------|--------------------|-------------|
| | £'000 | £'000 | £'000 | % | £'000 | % |
| Acute Services | 112,863 | 124,751 | 11,888 | 10.5% | 10,537 | 11.0% |
| Adult Mental Health & Disability | 57,203 | 56,521 | (682) | (1.2%) | (639) | (1.3%) |
| Primary Care & Older People | 104,293 | 106,174 | 1,881 | 1.8% | 1,856 | 2.1% |
| Women & Childrens | 57,186 | 60,672 | 3,486 | 6.1% | 3,006 | 6.2% |
| Medical | 2,336 | 2,241 | (95) | (4.1%) | (62) | (3.1%) |
| Performance & Service Improvement | 25,277 | 24,531 | (746) | (3.0%) | (594) | (2.8%) |
| Finance & Contracting | 5,222 | 5,233 | 11 | 0.2% | (94) | (2.1%) |
| Human Resources | 2,452 | 2,334 | (118) | (4.8%) | (102) | (4.9%) |
| Corporate | 1,837 | 1,871 | 34 | 1.9% | 0 | 0.0% |
| Trust Wide Corporate Services | 369 | 396 | 27 | 7.3% | 24 | 7.6% |
| Corporate Pay & Non-Pay | 42,335 | 41,844 | (491) | (1.2%) | (641) | (1.7%) |
| Income / Savings Target 2019-20 | 898 | | (898) | (100.0%) | 60 | 100.0% |
| Reported Deficit | 412,271 | 426,568 | 14,297 | 3.5% | 13,351 | 3.8% |

The Acute Directorate is reporting in this period a deficit of £11.9m. The grip & control run rate monitoring is reporting in the current period an increase in expenditure of £2m compared to the March baseline and the main reasons are in medical, nursing pay budgets, patient appliances, travel non pay and under delivery in their tactical savings plans. This will require an urgent improvement plan to support any risk to the 2019/20 and 2020/21 financial plan. Usage of expensive flexible staffing to support service delivery is a consistent solution in the delivery of hospital services. The key risk over the coming months is the management of the winter service pressures.

The AMHD Directorate is reporting in this period a surplus of £0.7m. The grip & control run rate monitoring is reporting in the current period an increase in expenditure of £1.9m

compared to the March baseline however this increase remains within budget. The key risk over the coming months is the Mental Capacity Act, which is a regional policy change and may require additional resources above income identified by the DOH.

The PCOP Directorate is reporting in this period a deficit of £1.9m. The grip & control run rate monitoring is reporting in the current period a decrease in expenditure of £0.8m compared to the March baseline. The key risk over the coming months is the management of the winter service pressures.

The W&C Directorate is reporting in this period a deficit of £3.5m. The grip & control run rate monitoring is reporting in the current period a decrease in expenditure of £1.2m compared to the March baseline. The Directorate's current deficit is higher than forecast due to under delivery in their tactical savings plans, which will require an urgent improvement plan. The key risks over the coming months are further expensive childcare placements, 16+ bespoke arrangements and confirmation of funding for an expensive placement following RQIA recommendations circa £600k.

Other Pay Costs

Table 3 – Agency/Bank/Overtime Costs by Directorate

| Directorate | Cum October 2019 | | | | Increase / (Decrease) over Sept 2019 % | Increase / (Decrease) over avg 2018/19 % |
|-----------------------------------|------------------|--------------|--------------|---------------|--|--|
| | Agency | Bank | Overtime | Total | | |
| | £'000 | £'000 | £'000 | £'000 | | |
| Acute Services | 14,246 | 1,168 | 773 | 16,186 | (1%) | 15.3% |
| Adult Mental Health & Disability | 1,764 | 1,901 | 80 | 3,745 | 6% | 3.4% |
| Primary Care & Older People | 4,160 | 1,444 | 174 | 5,778 | 1% | 6.5% |
| Women & Childrens | 2,584 | 1,074 | 296 | 3,954 | (12%) | (14.1%) |
| Performance & Service Improvement | 968 | 603 | 143 | 1,714 | (11%) | 8.1% |
| Other Directorates | 258 | 30 | 17 | 306 | (10%) | 29.9% |
| Total | 23,980 | 6,221 | 1,483 | 31,683 | (2%) | 7.4% |

Other Pay Cost Key Highlights:

- Agency expenditure of £24m, which includes £13.4m (56%) on medical agency staff and £5.4m (22%) on nursing agency staffing.
- The average expenditure for the first 7 months of 2019/20 has increased by 7% compared to the same period last year. However, the Trust has reduced expenditure in October compared to September by 2%.

- The Trust has a number of improvement plans developed to reduce expenditure on flexible agency staffing as part of the Trust's Recovery Plans.

3. Savings Plan – Monitoring

Recovery Plan – Tactical savings plan

The Trust has developed in year tactical savings of £6.7m. The monitoring of the savings are outlined in the table below:

Table 4 – Tactical Savings Plan Monitoring

| Directorate | Planned FYE | Actual Position 31 October 2019 | | | | |
|---------------------|--------------|---------------------------------|--------------|----------------------|----------------|----------------------------|
| | | Plan | Actual | (Surplus)/ Shortfall | Cum % Achieved | % Achieved of total target |
| | £000 | £000 | £000 | £000 | | |
| Acute | 2,192 | 1,177 | 753 | 424 | 64% | 34% |
| Medical | 250 | 146 | 206 | (60) | 141% | 82% |
| Adult Mental Health | 216 | 75 | 55 | 20 | 73% | 25% |
| PCOP | 848 | 224 | 242 | (18) | 108% | 29% |
| W&C | 1,319 | 582 | 521 | 61 | 90% | 40% |
| PSI | 1,853 | 1,083 | 1,003 | 80 | 93% | 54% |
| Total | 6,678 | 3,286 | 2,780 | 506 | 85% | 42% |

The financial monitoring of the tactical savings plans is reporting savings of £2.8m (85%) against the plan of £3.3m therefore reporting an off plan position of £506k (15%). The current forecast deficit is assuming the £6.7m tactical savings plans to be achieved, however based on the October monitoring, an under delivery of £1.7m is forecast. Directorates need to develop an urgent improvement plan to address this to mitigate any risk to the in year financial plan and the 2020/21 financial plan.

Vacancy Control Target

The Trust has made an assumption that it will deliver in full against the vacancy control target of £9.3m, using one off opportunities in line with previous years and there is no risk to this assumption.

4. Transformation (C&S) including Elective Care

The confirmed funding for transformation projects for 2019-20 is £15.1m and allocations have been received. The actual expenditure as at 31 October 2019 is £6.1m (40%) on the projects to date. The Trust has carried out a financial assessment of the forecast expenditure and has advised the HSCB of projected slippage on the allocations amounting to £1.1m. The Transformation team is supporting Directorates by reviewing all of the projects to support a decision in relation to mainstreaming and the affordability is being considered as part of this work.

5. Capital Resource Limit

The Trust has received a capital allocation of **£31.44m** from the DoH for 2019/20 and the planned expenditure is as follows, and there are no risks being highlighted in relation to meeting the Capital Resource Limit in year.

Table 5 – Capital Plan

| Capital Projects | £,m |
|---|--------------|
| Altnagelvin 5.1 – Tower Block Development | 11.56 |
| Regional Car Parking Policy | 0.33 |
| Specialist Services | 0.10 |
| Task & Finish | 0.90 |
| ICT | 1.63 |
| General Capital | 14.25 |
| Invest to Save | 0.50 |
| Transformation Capital | 2.17 |
| Total CRL | 31.44 |

6. Prompt Payment Target

90% of undisputed invoices were paid within 30 working days of receipt against a target of **95%**.

7. Key Messages

- Progress continues to be made towards stabilisation of the finances, and savings plans have been identified and are being monitored monthly. Based on the October monitoring, an under delivery in the tactical savings plan of £1.7m is forecast for 2019/20. Directorates need to develop an urgent improvement plan to address this to mitigate any risk to the in year financial plan and the 2020/21 financial plan.
- The Trust has been given a target of achieving £15m of savings in 2019/20 – the current forecasts would suggest that £5m - £6m is the expected savings, however, if we include funding which has been redirected to previous commitments, then the figure rises to over £14m.
- All Directorates should continue to focus on grip & control in the run rates of expenditure.

Neil Guckian
Director of Finance, ICT & Contracting